

# EXHIBIT K

**From:** cutler@manageranalysis.com  
**Sent:** Thursday, April 20, 2006 6:18 AM  
**To:** tdumbauld@aiagroup.com  
**Subject:** update

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Ted, if this were a new investment prospect, not only would it simply fail to meet due dili standards: you would likely shove it out the door.

I would like to stop by some time to (1) speak with your analyst about his interaction with them, (2) review your legal documents with them to see if they could be using a loophole to trade off-exchange, and (3) see if your files might contain other information about their securities business which would expedite part of my review.

If this afternoon is good please leave me a message at (917) 287-9551; I have a meeting in the morning and could stop by around 11:30am. Next week is also good except for Tuesday.

Here are observations thus far:

- > EITHER extremely sloppy errors OR serious omissions in tickets. That's the best case...
- > arithmetic errors in the founder's strategy description [found at another source], which is so basic that it suggests that the founder doesn't really understand the costs of the option strategy.
- > The fact that one of their early "marquis-name" investors was also a big investor in Bayou.
- > other items you previously identified, and verified from my call to ex-Knight officials.
- > Diminished potential edge: The brokerage industry has undergone a fundamental transformation in the last 5 years. I just can't find the other side of the trade, and I just can't see that there is much edge left from that business; even the less sophisticated long-only managers know to be careful with execution, so who would send it to them? I do see how they used to make 'extra' money handling block orders from unsophisticated counterparties. Yet if they have grown 10x in 5 years, that 'edge' is spread very thinly now.

To dos:

Much of the followup will be on the regulatory side.

- > I will see what role they have at the CBOE, if any.
- > I will call them to assess their capabilities, as a potential pension "transition management" client.
- > I will try to get a hold of their regulatory capital filings unless you have them already.
- > I will explore a 'back door' off-exchange trading loophole I found in the CBOE rules, though I am highly skeptical that it would apply here.
- > I will call one or two other long-only managers to ask them about their trade execution strategies. Thus far I don't see much opportunity there for them. Maybe family offices are using them? But the turnover there would be too low.
- > while they claim their systems are top-tier, their website sure is simplistic; I will try to

assess their systems capabilities when I call them.

> Since they are basically a market-timing manager, I will easily compile a list of fully-transparent market-timers who are doing well. I want you to have an alternative ready for your investors.